



NATIONAL
CHARTER SCHOOL
RESOURCE CENTER
AT SAFAL PARTNERS

Credit Enhancement Webinar Series:

Authorizer Collaboration

About the National Charter School Resource Center

- Funded through the **U.S. Department of Education**
- Makes accessible **high-quality resources to support the charter school sector.**

Please visit the [National Charter School Resource Center](http://www.charterschoolcenter.gov)
(<http://www.charterschoolcenter.gov>) for
news, resources and information on charter schools.



Introducing our Presenters



Nelson Smith
Senior Advisor, NACSA



Reena Abraham
Vice President,
Education Programs,
Local Initiatives
Support Corporation
LISC

Presenters

National Charter School Resource Center: *Mary Ann Spracher,*
Technical Lead at Safal Partners

U.S. Department of Education: *Clifton Jones,* Program Officer for
Credit Enhancement Grants, Charter Schools Program

National Association of Charter School Authorizers

(NACSA): *Nelson Smith,* Senior Advisor

Local Initiatives Support Corporation (LISC), Reena Abraham,
Vice President, Education Programs

Agenda

- Introduction — Clifton Jones
- Poll Question
- Authorizers and Lenders: Can We Talk? — Nelson Smith
- Lender Underwriting Practices — Reena Abraham
- Questions and Comments



Introduction

Clifton Jones, CSP Program Officer for Facilities Financing

Participant Poll

Do you currently consult authorizer documents when evaluating a charter school loan?

(select the answer that best reflects your experience)

- a) Yes. Always.
- b) Yes, but only in some states or from some authorizers.
- c) No.

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Who Are Charter Authorizers?

1,045 Authorizers

- Local school boards

- 90% of authorizers but oversee <50% of schools

- 104 Large Authorizers

- Oversee 72% of charters

- Three-part mission:

- Maintain high standards for schools
- Uphold school autonomy
- Protect student and public interests

In reality: Portfolio managers



The Actual Numbers

- Approvals: 33% across all types of authorizers
- Closure rates (2013):
 - 11.6% non-renewed
 - 1.9% revoked
 - 3.3% Overall Annual Closure Rate

Tools of the Trade

- The Contract
- Renewal and Revocation Policies
 - *Both state and authorizer*
- Intervention Notices
- Performance Frameworks
 - Academic
 - Financial
 - Operational

Academic Performance Framework

➤ Indicators include:

- State and Federal Accountability
- Student Progress Over Time (Growth)
- Student Achievement (Status)
- Post-Secondary Readiness (for High Schools)
- Mission-Specific Academic Goals (optional)

Academic Indicator Rating (example):

Are students in demographic subgroups achieving proficiency on state examinations compared to state subgroups?

Exceeds Standard:

- School's average subgroup proficiency rate *[exceeds the average state performance of students in the same subgroup in the same grades by 15 or more percentage points OR subgroups in the school are outperforming the average state non-subgroup proficiency rates]*

Meets Standard:

- School's average subgroup proficiency rate *[meets or exceeds the average state performance of students in the same subgroup in the same grades by up to 15 percentage points]*

Does Not Meet Standard:

- School's average subgroup proficiency rate *[is less than the average state performance of students in the same subgroup in the same grades by 1-14 percentage points]*

Falls Far Below Standard

- School's average subgroup proficiency rate *[is less than the average state performance of students in the same subgroup in the same grades by 15 or more percentage points]*

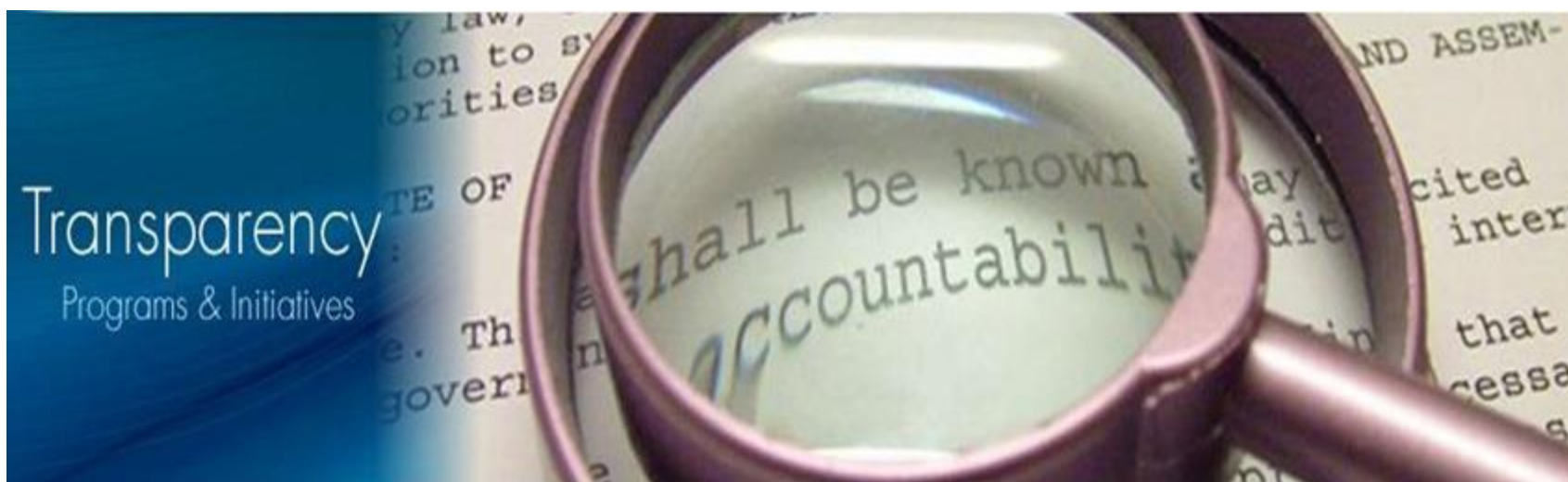
Tough Calls

- Operational vs. academic deficiencies
- Alternative education campuses
 - See [Anecdotes Aren't Enough](http://www.qualitycharters.org) (www.qualitycharters.org)
- No better option available
- Midyear closures

Assessing Risk

- Letter of good standing?
- A “friendly” authorizer?
- A clean audit?
- Or....
 - What’s the compliance record?
 - Do the financials track the framework?
 - Are there outstanding Notices
 - What are the renewal criteria? How do they stack up?

The key to better alignment:



Thanks.

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Lender Underwriting Practices

School Information	Charter Environment	Project Information
Academics	Charter Statute	Collateral
Financials	Funding Formula	Appraisal
Governance & Leadership	Authorizer Strength & Oversight	Environmental Reports
Enrollment & Waitlist Info	Authorizer Renewal Requirements	Projections for Repayment
School Operations		Project Sources & Uses

Authorizer Rankings

- Strength of authorizers and state law essential to underwriting of environment
- Lenders use national rankings to determine strength of authorizer and state laws
 - National Alliance for Public Charter Schools [State Rankings](#)
 - [NACSA Report](#)
 - Center for Education Reform [Rankings](#)
- Strong charter markets mitigate risk of charter school failure with ability to replace school in facility

Authorizer Evaluation Report

- Authorizer report should answer the following questions:
 - Is the school an academic success?
 - Is the school an effective, viable organization?
 - Is the education corporation fiscally sound?
 - If the charter is being renewed, what are the school's plan for the next charter term and are they reasonable, feasible and achievable?

- Example of a strong evaluation report:
 - [State University of New York Charter School Institute](#)

Lenders can learn much of what they need for their underwriting in a strong report

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Questions & Closing Comments

Contact Us

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[Survey](#)

(<https://www.surveymonkey.com/s/PZVG9ZQ>)

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(www.charterschoolcenter.ed.gov)